

'Centre's decision to allow duty-free cotton imports is timely'

Textile industry says 'crisis' has been prevented

OUR BUREAU

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Cotton industry players on Thursday were elated after the Centre's decision to scrap import duty on cotton till the end of the season, thereby giving a much-needed relief from the spiralling domestic prices of the natural fibre.

Responding to the Centre's decision, trade bodies including Confederation of Indian Textile Industry (CITI), New Delhi, and The Southern India Mills Association (SIMA) along with individual companies termed it a timely step by the Centre which has prevented an irreparable crisis for the industry.

In a joint statement issued on Thursday, T Rajku-

mar, Chairman, CITI and Ravi Sam, Chairman, SIMA, welcomed the decision terming it a move to protect the interests of both the farmers and the industry.

'Won't harm farmers'

"The farmers were able to earn record income taking advantage of steep increase in international and domestic cotton prices during the current season. As the farmers have sold their cotton and started preparing for sowing for the next season, the removal of import duty till September 30, 2022, will not harm the farmers," they said.

The trade bodies also alleged hoarding of the cotton stocks and speculative practices by a section of traders, which would be discouraged by the latest decision.

Imports, according to the trade, would start flowing



The decision comes as a relief amid shortage of cotton

in from the neighbouring transshipment ports such as Tuticorin, Colombo, Dubai and Malaysia.

Notably, the cotton value chain participants have been repeatedly demanding relaxations for cotton imports as prices in the domestic markets have surged to the record highs recently.

Easing the pressure

Denim-maker Chiripal

Group sees this decision as a relief amidst the shortage of cotton.

"With the spiralling costs of cotton which went from ₹60,000 to ₹90,000 per candy in a matter of 6 months, many small players would have faced the closure of mills. Removal of the import duty will ease pressure on the manufacturers who are facing the shortage," said Ronal Chiripal, promoter of the Group.

The imposition of import duty had placed Indian textile manufacturers at a disadvantage vis-à-vis Pakistan, Bangladesh and Vietnam affecting the global competitiveness of Indian manufacturers, he said.

Indian Texpreneurs Federation (ITF)'s Convenor Prabhu Dhamodharan said, "This move will help the entire textile manufacturing eco-system, support the overall balance sheet of cot-

ton and also reduce the speculative trade."

What will further brighten the the prospects for the Indian cotton industry is the advantage of time before the new international cotton season begins in August.

"The industry would be in a position to sustain its performance with the proactive initiative taken by the government. In the short run, there might be some increase in the international price, but the domestic cotton price would soon decline, to match with the international price and create a level playing field," the CITI - SIMA statement said.

Higher domestic prices and the import duty on imports hampered production in the Indian cotton textile industry, which had began reducing production by 15-30 per cent.